

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – SEPTEMBER 1, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse.

**EXCUSED:** Evie Taft, Human Resources Administrator.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports:**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending 8/29/04 shows retail sales were up almost .93%, on-premise sales were up a little over 6.4%, off-premise sales were down around 2.5%, and total aggregate sales were up almost .1%. The traffic count was down by 12,132, but the average sales ticket was up \$2.60.

The W-1 Total Weekly Sales Report confirms total sales for the week were up .1% or \$8,260, and were also up for the year by 6.18% or \$4,262,557. Wine sales decreased by -.56% or (\$20,937) for the week, but were up by 8.1% or \$2,405,243 for the year. Sales of spirits increased .63% or \$29,197 compared to last year, and also increased year-to-date by 4.72% or \$1,857,314.

##### **B. Budget/Administrative Reports:**

There was nothing of significance to report regarding outstanding depletions or post-offs over the past week.

Paymentech has provided estimates on printing the nine new gift cards. Since Fiala (the original gift card supplier) is out of business, Paymentech has secured another company to do the card printing. We expect to pay one to two cents less per card. We will proceed to place the order so the new cards are available for the holiday season.

GO software has been provided all relevant information in order to get credit cards working at the Bedford store as soon as possible.

Regarding the sale of gift cards on-line, Craig indicated that we should have paper confirmation of a customer's receipt of the gift card, and suggested recouping mailing costs for sending out the cards via certified mail, return

receipt requested, by charging a shipping and handling fee of \$2.50 per order. John Bunnell commented that Marketing would support this, based upon research concerning other retailers. There was also some discussion as to whether cards could be activated at the store registers. Craig will do some further research on this.

Several sexual harassment training sessions will be given this week, one for managers and two for the remainder of headquarters staff. Attendance is mandatory for everyone. More classes will be scheduled to take place in October or November.

All lines and horns have been installed for the fire alarm system. It was necessary to take the building power down for a time, as a shortage occurred which fried one of the boxes. Adjustments and repairs have been made. OIT has been working to assist in the identification of IT dollars in the budget. George worked with Leslie Mason and identified approximately \$1,000,000. A package was submitted to the Commission for signature. However, both Craig and Commissioner Byrne felt there were some serious concerns regarding operations and being able to get the same level of services when the switchover occurs.

Craig prepared a letter concerning the other 6 or 7 waivers and has forwarded this information to Joe Bouchard. John Bunnell requested a copy of this.

The current W-6 Expense Budget Activity Variance report shows the year to be at about 16.7% expired, with total expenditures at around 17% of the budget. Benefits and Class 50 are running a little high.

George reported that he is working on wrapping up entries for the FY06 and 07 budgets.

2. IT Report

Four licensee credit card orders have been completed, with only minor glitches on the first group. Commissioner Byrne said those licensees using the fax for ordering should be identified and purposely transferred onto the web. Howard, John Bunnell and Mike Goclowski will look into this further, and John will report back to Commissioner Byrne.

OIT has implemented the new server for the Enforcement licensee program, which seems to be working well. Training for this new program is scheduled to begin next week.

The list of IT purchases has been submitted to OIT for approval. Commissioner Byrne requested an e-mail from Howard on this subject.

IT personnel vacations have concluded, and Howard expects a full staff beginning next week.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations**

Total store sales were up 1.38% or \$90,463.22 for the week ending 8/29/04. These numbers were probably influenced by high temperatures and “back to school” activities.

Peter referred to an e-mail he sent out thanking everyone for their efforts in regards to the results of the “Ride the Wave of Savings” summer program, which yielded an increase statewide of 22% of the same period last year. This amounts to twenty full trailers of product.

Peter reminded those present of the upcoming Merchandising Mania celebration taking place next Friday, September 10<sup>th</sup> from 7:00 to 10:00 aboard the MS Mount Washington.

The Bedford store is up and running with two operational registers. Licensees are starting to return to this location, which is looking great.

Peter has had contact with a person from Northwood who has a piece of property he wants the Commission to look at. He has also received correspondence from a builder regarding a potential location at the Bedford connector. In addition, Peter will meet with a representative from Vista Foods this morning regarding a possible move to a smaller location on McGregor Street.

Nicole reported that she and Kim Moore from the advertising agency had met with representatives from Horse Power, who would like to hold a wine tasting on December 2<sup>nd</sup> from 5:30 to 7:30 p.m. Nicole will formally request this next week, but asked to be able to start producing marketing materials for the event now. The Commission had no objections to this request.

### **2. Purchasing Report**

There was nothing significant to report regarding out-of-stocks for this week.

### **3. Merchandising Report:**

**A. SPIRITS:**

**1) Columbus Day Sale:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve forty-five (45) spirit items to be featured during the Columbus Day Sale, Thursday, September 30 through Monday, October 11, 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Test Market Products:**

**a. Test Market Request – Jagos Vanilla Cream Liqueur:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Blackwood Distillers for a new test market listing for Jagos Vanilla Cream Liqueur, 750ML size (assigned four-digit Code #5306), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. Test Market Request – Effen Black Cherry Vanilla Vodka:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/JStar for a new test market listing for Effen Black Cherry Vanilla Vodka, 750ML size (assigned four-digit Code #3577), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**c. Test Market Request – Sambuca by Strega:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Shaw Ross International for a new test market listing for Sambuca by Strega, 750ML size (assigned four-digit Code #5314), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request – Skyy Orange Vodka:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits LLC for a new test market listing for Skyy Orange Vodka, 750ML size (assigned four-digit Code #3576), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Requests:

a. Vat 69 Scotch, 750ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a line extension on Vat 69 Scotch, 750ML size (assigned four-digit Code #2955), as this item in the 1.75L size has earned the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Hennessy VSOP Cognac, 375ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Schieffelin & Co. for a line extension on Hennessey VSOP Cognac, 375ML size (assigned four-digit Code #4688), as this item in the 750ML size has earned the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listings:

a. General Distribution (Code #39631):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution, to be available for all stores to order as needed, of Code #39631, Cline Red Truck, 750ML size, as this item has earned a gross profit of at least \$6,500.00, the majority of which has been in the retail and on-premise

markets, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. General Distribution (Codes #34906 & #39654):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution, to be available for all stores to order as needed, of Code #34906, Syrah Smoking Loon 750ML size, and Code #39654, Pinot Grigio Sutter Home, 1.5L size, as each item has earned a gross profit of at least \$6,500.00, the majority of which has been in the retail and on-premise markets, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. General Distribution (Codes #33731, #36463 & #37312):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution, to be available for all stores to order as needed, of Code #33731, Hopler Gruner Veltliner Ausl., 750ML size, Code #36463, Heidsieck Brut Little Blue Top, 187ML size and Code #37312, Pinot Noir KD Frank Salmon Run, 750ML size, as each item has earned a gross profit of at least \$6,500.00, the majority of which has been in the retail and on-premise markets, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Store Tastings (E & J Gallo Winery):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from E & J Gallo Winery to conduct in-store tastings during various dates in September and October 2004 from 4:00 to 6:00 p.m. at eleven (11) retail stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Christmas Items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase of three (3) wine codes as Christmas items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (10 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve ten (10) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines for Distribution to Selected Stores (20 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty (20) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions:

a. 13 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of thirteen (13) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 primary source; 32 exclusive agent; 28 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, thirty-two (32) wine codes which are not from primary source, but are offered by the exclusive marketing agent and twenty-eight (28) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for

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bailment releases/transfers dated August 26 through September 1, 2004.  
The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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